

EXHIBIT A



Simply Right

The Philips Ethics & Business Conduct Program

PHILIPS

Please Note

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Royal Philips Electronics of the Netherlands is a diversified Health and Well-being company focused on improving people's lives through timely innovations. As a world leader in healthcare, lifestyle and lighting, Philips integrates technologies and design into people-centric solutions, based on fundamental customer insights and the brand promise of "sense and simplicity". Headquartered in the Netherlands, Philips employs more than 116,000 employees in more than 60 countries worldwide. The company is a market leader in cardiac care, acute care and home healthcare, energy efficient lighting solutions and new lighting applications, as well as lifestyle products for personal well-being and pleasure with strong leadership positions in flat TV, male shaving and grooming, portable entertainment and oral healthcare.

Purpose of the Program

The purpose of the Philips Ethics and Business Conduct Program is to:

- Promote understanding of and adherence to the General Business Principles (GBP), GBP Directives and related policies.
- Provide all employees with clear guidelines on matters of everyday business conduct and ethical behavior.
- Provide an expeditious method to identify alleged acts of misconduct and to administer corrective action when violations occur.
- Establish a vehicle whereby employees are able to communicate concerns to a higher level within the company.
- Conduct business in strict compliance with applicable laws and according to company policies and guidelines.
- Reinforce our commitment to ethics, honesty and integrity.
- Continuously reinforce awareness of and commitment to the Ethics and Business Conduct Program.
- Promote and maintain Philips' longstanding commitment to its ethical culture.

Take Action!

You must print and sign the Philips Employee Ethics and Intellectual Property Agreement on page 31 as soon as possible, before your first Philips paycheck is issued. Please give (or mail) the signed agreement, as directed by your Manager or HR Representative. If you are an employee in one of the following states, you must also sign and submit the Employee Invention Attachment to the Philips Employee Ethics and Intellectual Property Agreement on page 33: California, Delaware, Illinois, Kansas, Minnesota, North Carolina, Utah, Washington.



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Ethics – Simply Right

Our company stands for quality, innovation, leadership and integrity. At Philips, we take our commitment to ethical behavior seriously. We expect that same commitment from everyone who works here.

As Philips employees, we not only have the specific responsibilities of our jobs, but we also have the broader ethical obligations that we share as members of the Philips corporate family. The kind of company we are depends upon the kind of people we are and the way we work with each other.

Through the years, Philips has built a worldwide reputation for excellence in its people and its products. It's up to us to maintain that reputation. Philips is committed to producing and selling quality products that are safe for their intended use and that conform to all relevant laws, regulations and industry standards.

This book called "Simply Right" presents our company-wide commitment to business ethics. Philips' Code of Business Conduct includes its General Business Principles (GBP), GBP Directives, Financial Code of Ethics, Whistleblower Policy, One Philips Ethics Line and related ethics policies.

The One Philips Ethics Line (800-218-1818) is available 24 hours a day, 7 days a week, 365 days a year for you to report any violations or suspected violations of Philips policies. You are protected against retaliation by the company if you file a good faith complaint regarding the violation or suspected violation of Philips policies. You also may remain anonymous if you use the One Philips Ethics Line.

Our ethics policies are intended to provide guidance to all Philips employees as we navigate our very competitive marketplace. In addition, some Product Divisions may have additional codes of conduct that they have adopted due to their unique business circumstances. For example, Philips Healthcare has adopted and adheres to the National Electrical Manufacturers' Association (NEMA) Code of Ethics on Interactions with Healthcare Providers and the Advanced Medical Technology Association (AdvaMed) Code

of Ethics on Interactions with Healthcare Professionals. If you have any questions regarding these codes of conduct please contact the Philips Ethics Office or your sector's legal department.

Having good intentions, or wanting to "benefit" the company in some way, or just not knowing the guidelines, does not excuse questionable, unethical or illegal conduct. If you violate the laws that apply to you on the job, you not only stand to lose your job but also could be subject to criminal sanctions, including fines and prison sentences. Under strict federal and state laws, employees can be held personally responsible for violations. The company cannot shield its employees, and ignorance of the law is no excuse. In addition to fines or prison terms imposed on an employee, Philips could face severe criminal and civil penalties.

You are urged to read this book carefully, understand it completely, and agree to abide by its principles of ethical and business conduct. However, no book can possibly cover every situation, and there can be gray areas between what seems right and wrong. You may face dilemmas that are not specifically covered here. When that happens, we expect you to be guided by the answers to these questions:

- Does this situation divide my loyalty?
- Does it cloud or influence my judgment?
- Does it affect me or someone close to me financially or otherwise?
- Does it comply with Philips policies and the Philips Code of Business Conduct?
- Would I want everyone to know about it?
- How does it make me feel about myself?

One Philips Ethics Line

800-218-1818

Our future as a company depends upon our reputation.

If you have concerns or questions, ask for help. Contact your supervisor, your Ethics Site Coordinator, your company lawyer or the **One Philips Ethics Line (800-218-1818)**.

During your career at Philips, it is expected that you will help maintain the company's reputation for the highest ethical standards of professional and personal conduct.

Code of Business Conduct

General Business Principles (GBP)

View the Philips GBP and GBP Directives at www.philips.com/ethics.

The Philips Code of Business Conduct encompasses the principles and standards that should guide our everyday decisions and actions. It incorporates the Philips General Business Principles (GBP) and GBP Directives adopted globally by the Board of Management of

Royal Philips Electronics, our parent company, and approved by its Supervisory Board.

As a Philips employee, you are required to know, understand and abide by our Code of Business Conduct. At Philips, we value ethics, integrity and honesty. These principles are ingrained in the way we do business, and in the way we treat each other and the people we do business with every day. High standards of business conduct and ethical behavior also make good business sense. Our ability to attract customers, investors and the best employees depends on our reputation. Therefore, we are committed to strict observance of the law and the highest standards of business ethics in all of our relationships with individuals, governments, companies and other organizations.

Since a company operates entirely through its employees, it is each employee's obligation to act in an ethical manner. Philips expects its employees to promote and maintain its longstanding ethical culture.

Since a company operates entirely through the people it employs, responsibility for ethical behavior rests with those who work for it and act in its name. As a Philips employee, you are expected to live by the principles of fairness, honesty, truthfulness and loyalty

to your company. You must be completely honest with customers, suppliers and associates, promising only what you can deliver and never misrepresenting the facts or shading the truth.

We expect our employees to comply with the law, both when acting on behalf of Philips and in their personal conduct. The laws in the various jurisdictions in which Philips operates are numerous and complex. In the gray areas not covered by specific laws, we expect employees to act in an ethical and fair manner at all times.

No policy statement or code of conduct could possibly cover every circumstance. Ultimately, we are all responsible for our own actions. Doing something we know is wrong because we were told to do it, or because we thought someone wanted us to do it, is never an excuse and is never justified.

Use good common sense and your own sense of decency, fair play and morality. If you have any doubts, ask yourself how you would react if your actions or your decisions were published in the newspaper or broadcast on television. Ask how you would feel if you or other people lost their jobs because of your actions. If you still have doubts, remember that it is your responsibility to get clarification.

As Philips employees, we are expected to be:

- Ethical, honest and trustworthy in all our relationships.
- Reliable in carrying out assignments and responsibilities.
- Truthful, careful and accurate in what we say and write.
- Fair and considerate in our treatment of fellow employees, customers and all others.
- Law-abiding in all of our activities.
- Conscientious in reporting violations or suspected violations of legal and ethical conduct.
- Committed to accomplishing all tasks in a superior way.
- Economic in using company resources solely for business purposes.
- Dedicated in serving our company and improving the quality of life at work.

How the Ethics Program Works

In addition to the Philips Code of Business Conduct, Philips has a comprehensive Ethics and Business Conduct Program to make sure that all of its employees understand and adhere to its standards of business conduct. This program helps Philips monitor compliance and detect any violations at an early stage.

If you have a question about the Philips Code of Business Conduct, the Philips Ethics and Business Conduct Program, or any aspect of our company policy, or if you know about or suspect a violation or any wrong doing, you may want to discuss it first with your supervisor. If you do not feel comfortable doing that, then discuss it with your Ethics Site Coordinator or the company attorney assigned to your business unit. If you have questions about the legality of an action under consideration, you should call your company lawyer first.

If you prefer not to discuss these matters with your supervisor, the Ethics Site Coordinator, Ethics Officer, or your company lawyer, call the toll-free **One Philips Ethics Line at 800-218-1818** or write to Kenneth Reinhard, Philips Electronics North America, Ethics Office, 595 Miner Road, Highland Heights, OH 44143.

You also are urged to call or write even if you only have questions. The questions may be about something that you have done or are thinking of doing. They may be about wrongdoing you know about or suspect. Or they may be about someone else's actions or contemplated actions that may have ethical and/or legal issues relevant to the Ethics and Business Conduct Program.

You could lose your job, be fined or be imprisoned if you remain silent when you know about or suspect a violation of business conduct, ethical or legal standards. Under the law, the company cannot shield you from liability, and ignorance of the law is no excuse. You must take responsibility to resolve the problem as soon as you are aware that it exists.

All calls to the One Philips Ethics Line are answered by a third party provider on a 24 hour, 7 days a week, 365 days a year basis. Callers are asked to give the facts, including the name of the project, the department and location, the date when the unethical or illegal behavior occurred (or is suspected), how they know about it and details about previous efforts to correct the problem. Providing as much detail as possible speeds the investigation. Callers have the option to identify themselves by name or remain anonymous.

The Ethics Office initiates an investigation of each complaint as soon as possible. Callers who leave their names and addresses and request information concerning the results of the investigation will receive a response.

The Ethics Officer reports to the Chief Legal Officer of Philips Electronics North America Corporation and is responsible for overseeing the implementation of the Ethics and Business Conduct Program, supervising investigations of reported violations and managing the Ethics Office.

Contact Information

One Philips Ethics Line:
800-218-1818

Kenneth Reinhard
Philips Electronics North America
Ethics Office
595 Miner Road
Highland Heights, OH 44143

Whistleblower Policy

Do not ignore ethical or legal problems. If you do, you put yourself and the company at risk. Philips' Whistleblower Policy protects you from retaliation if you make a good faith complaint. View the Whistleblower Policy at www.philips.com/ethics.

Philips encourages all of its employees to promptly report any suspected violation of the General Business Principles, GBP Directives or any related ethics or company policies. An employee who makes a good faith complaint regarding a suspected violation is protected against retaliation by the company. If you wish to remain anonymous, you may call the One Philips Ethics Line at 800-218-1818 to register your complaint or concern. The One Philips Ethics Line is manned by a third party provider on a 24 hour, 7 days a week, 365 days a year basis to provide an avenue to report your complaint or concern.

Employment Practices

Harassment based on a protected status is illegal and is a violation of company policy.

Philips strives to be a diverse and inclusive employer. At Philips, the term "diversity" symbolizes our recognition that our workplaces, marketplaces and communities are made up of individuals: men and women from different nations, cultures, ethnic groups, generations, backgrounds, skills, abilities and all the other unique characteristics that make each of us who we are. We can better understand our customers and better identify their needs when we have a diverse workforce that mirrors our worldwide customer base.

"Inclusion" symbolizes an environment where everyone can fully participate in creating business success, and where each person is valued for his or her distinctive talents (skills, experiences, perspectives, etc.). An inclusive working environment engages people, enhances decision-making and increases creativity and innovation in support of our vision and brand positioning.

Philips obeys all legal requirements concerning employment, and follows the spirit of the laws as well. Some of these laws promote equal employment policies and programs, and prohibit discrimination of various types (race, sex, age, etc.). Other legal requirements relate to the hiring process or to the maintenance of certain employee protection programs, such as a drug-free workplace.

All employees are expected to know the laws and abide by company policy on Ethics and Business Conduct compliance. In particular, Philips will not tolerate any form of harassment, whether verbal, visual or physical, or any disparaging remarks, based upon age, race, color, religion, national origin, disability, sex, sexual orientation, gender identity, or any other protected characteristic. Philips maintains a "Harassment-Free Workplace" policy which can be found on the Philips Benefits Central web site at www3.essbenefits.com/philips.

All complaints of harassment are promptly investigated, and remedial action is taken if a violation of policy is determined. For example, racist comments, circulation of sexually explicit materials or telling jokes that disparage certain nationalities can constitute harassment and are not tolerated.

Equal Opportunity

Philips has been and will continue to be an Equal Opportunity Employer. Our policy is to improve all employment opportunities for women and minorities. We recruit, hire, train and promote in all job classifications, without regard to race, color, religion, sex, sexual orientation, gender identity, age, national origin, disability, or status as a veteran.

We strive to make sure that compensation, benefits, promotions, transfers, layoffs and recall from layoffs are administered fairly without regard to race, color, religion, sex, sexual orientation, gender identity, age, national origin, disability, or status as a veteran. The same standards apply to the administration of training, education, tuition assistance and recreational programs.

Our company is subject to federal, state and local laws regarding discrimination in employment practices. We do not base our hiring, upgrading, promotion, transfer, demotion or termination decisions upon race, color, religion, sex, sexual orientation, gender identity, age, national origin, disability, or status as a veteran.

Philips' commitment runs deeper than just conforming to the law. It is our policy to hire qualified people without regard to race, color, religion, sex, sexual orientation, gender identity, age, national origin, disability, or status as a veteran because we believe in the principles of equality and equal opportunity for all.

Philips offers jobs. Not male or female jobs. Not caucasian or minority jobs. Just jobs. These jobs are filled by qualified people. The advancement of women and minorities is an essential mission of our Equal Employment Opportunity (EEO) program.

Equal Employment Opportunity means that each individual is given a fair chance to compete for both management and non-management jobs. This means that all doors to all jobs are open to all qualified people.



Affirmative Action Plans

Affirmative Action Plan goals should motivate managers and Human Resources administrators to keep reviewing their hiring and promotion decisions in order to include people regardless of age, race, color, sex, national origin, disability, or status as a veteran.

Managers and supervisors are required to know the laws, emphasize Phillips' commitment to Equal Employment Opportunity, and help employees develop to their full potential.

Equal Employment Opportunity is our policy. Affirmative Action Plans keep the policy alive. Federal legislation requires that every year, our qualifying company facilities prepare Affirmative Action Plan programs.

The Federal Affirmative Action Plan requires an in-depth analysis of a facility's work force compared to the population of the areas where the facility recruits its employees. Skills of the population are analyzed, as are the specific requirements for the jobs, to determine that women and minorities are fairly represented.

Affirmative Action Plan goals are not rigid, inflexible quotas. They are targets that are usually attainable if people make a good-faith effort. Affirmative Action Plans are reviewed each year. At that time, new goals and timetables are established toward achieving the objective of employing minorities and women in numbers that reflect the hiring pool.

Affirmative Action Plan goals should motivate managers and Human Resources administrators to keep reviewing their hiring and promotion decisions in order to include people regardless of age, race, color, sex, sexual orientation, gender identity, national origin, disability, or status as a veteran.

We believe that it is important for all employees, whether they are managers or not, to know the following guidelines that managers and supervisors must observe:

- Understand our company policy.
- Emphasize our commitment to Equal Employment Opportunity.
- Recognize every person as an individual, not as a member of a particular group (race, color, religion, sex, sexual orientation, gender identity, age, national origin, etc.).
- Help everyone achieve maximum potential in terms of abilities and personal goals.
- Advise each new employee about the opportunities available for continuing education and promotion, and about our Equal Employment Opportunity policy and goals.
- Know the Affirmative Action Plan at your location and help achieve the goals within the timetables.
- Keep accurate records so that the company can support hiring decisions objectively if a Government official reviews them as part of an Affirmative Action Plan compliance review.



Sexual Harassment

No employee shall be subjected to sexual harassment by anyone at work. This includes unwelcome sexual advances, requests for sexual favors, sexual comments and other verbal or physical conduct of a sexual nature. Report any incidents of sexual harassment to your supervisor, Human Resources Department, or the Ethics Office.

The Equal Employment Opportunity Commission (EEOC) uses three criteria for determining when behavior constitutes sexual harassment:

- When submission to the conduct is either an explicit or implicit term or condition of employment.
- When submission to, or rejection of, such conduct is used as the basis for employment, promotion, salary or work assignments.
- When such conduct substantially interferes with a person's work performance, or creates an intimidating, hostile or offensive working environment.

Any act of sexual harassment is a violation of the law and company policy, and it subjects the offender to serious disciplinary action, including suspension and termination of employment.

On sexual harassment issues, the EEOC considers an employer responsible for the acts of its supervisors and agents regardless of whether the employer knew, or should have known, of their occurrence. Therefore, managers and supervisors must never ignore a complaint about sexual harassment, even if they consider it minor or frivolous. For further guidance, review the "Harassment-Free Workplace" policy on the Philips Benefits Central web site at www3.essbenefits.com/philips.

Disabilities

The law prohibits discrimination against "a qualified individual with a disability." This applies to job applications, hiring, advancement, discharge, compensation, training, or other terms, conditions or privileges of employment.

A "qualified individual with a disability" under the Americans with Disabilities Act (ADA) means a person who, with or without reasonable accommodation, can perform the essential functions of the job. The company determines what those essential functions are, along with job descriptions. The law says that a person whose employment poses a direct threat to the health or safety of others is not qualified for the job if the danger to others cannot be eliminated by a reasonable accommodation.

We are required to make reasonable accommodations for the known physical or mental limitations of otherwise qualified people with a disability unless we can demonstrate that an accommodation would impose an undue hardship. The ADA also prohibits the use of qualification standards, employment tests, or selection criteria that tend to screen out people with disabilities, unless the company can demonstrate that these procedures are related to the job.

In addition, the company is required under the Rehabilitation Act of 1973 (as amended) and the Uniformed Services Employment and Reemployment Rights Act to take affirmative action to employ and promote qualified individuals with disabilities, including disabled veterans.

Drug-Free Workplace

We consider it our duty to provide a drug-free, safe and secure workplace. It is illegal to manufacture, distribute, dispense, possess, or use a controlled substance in the workplace. Being under the influence of alcohol or other drugs (unless prescribed by a physician) while at work is also prohibited. Any violation of the Philips Drug-Free Workplace policy will result in disciplinary action, including discharge.

You may bring medicine, prescribed by a doctor, onto Philips property, but any prescription medicine must be kept in its original container. The container must show the name of the drug, dosage, prescription number, date, and the name of the prescribing physician.

Some prescription medicine can cause severe side effects that could result in a medical emergency. If you are taking such a medicine, you must tell the Medical Department (where available) and Human Resources. This will help ensure that you receive the proper medical treatment if you experience an adverse reaction.

You are also required to notify the company within five days if you are convicted of a criminal drug offense that occurred on or off company premises while you were conducting company business. This requirement is mandated by the Drug-Free Workplace Act.

We recognize drug or alcohol abuse as a health, safety and security danger. Employees with drug or alcohol problems are urged to get confidential help through the company's Employee Assistance Program (EAP). Seeking help will not jeopardize your job, but failure to seek help may indeed put your job in jeopardy.

Safe Workplace

Safety is a paramount concern at Philips. Please report any unsafe condition immediately to your supervisor or manager.

Philips is committed to maintaining a safe work environment. Many types of workplace activities are regulated by the Occupational Safety and Health Agency (OSHA). In general, OSHA requires that:

- Each employer shall furnish to each of its employees employment and a place of employment that are free from recognized hazards that are causing or are likely to cause death or serious physical harm to its employees.
- Each employer shall comply with occupational safety and health standards promulgated under the OSHAct (29 CFR 1910). This includes, but is not limited to, hazard abatement, employee training, recordkeeping, inspections and cooperation with regulatory agencies.
- Employees shall comply with occupational safety and health standards and all rules, regulations and orders issued pursuant to the OSHAct that are applicable to their own actions and conduct.

Philips could face harsh civil and criminal penalties for industrial health and safety violations. OSHA penalties can be very expensive, depending upon how likely the violation is to result in serious harm to employees. These and other fines allowed under the Act may be repeated for each specific instance of a violation, as well as for violations of other standards.

Violence-Free Workplace

Under the Philips "Violence-Free Workplace" policy, threats, acts of violence and any conduct or behavior that endangers the safety of Philips employees and visitors or Philips property will not be tolerated.

Workplace violence can take many forms including, but not limited to, the following:

- Intimidating or threatening behavior or statements.
- Physical abuse or attack or threats of bodily harm.
- Harassment by any means including in-person, by telephone or electronically.
- Vandalism of company property or an employee's or visitor's property.
- Carrying weapons onto company property.

Possession of any weapons, such as firearms, explosives, or knives, and possession of any other potentially dangerous or hazardous objects or substances is strictly prohibited on all company property, including company vehicles and personal vehicles parked on company property. In addition, possession of a weapon while conducting company business off the premises is prohibited.

You are responsible for immediately reporting any threats, incidents of workplace violence, or prohibited conduct or behavior to your supervisor and/or Human Resources. All reports will be promptly investigated and, as appropriate, referred to responsible authorities.

Violations of this policy are serious and will result in disciplinary action, up to and including termination of employment.

To view the "Violence-Free Workplace" policy, please visit the Philips Benefits Central web site at www3.essbenefits.com/philips.

Philips is committed to maintaining a safe work environment and encouraging a violence-free workplace.



Family and Medical Leave

The Family and Medical Leave Act (FMLA) requires private employers with 50 or more employees to provide employees who meet certain eligibility requirements with up to 12 weeks of unpaid leave during a 12-month period for their own serious illness, the birth or adoption of a child, or the care of a seriously ill child, spouse or parent.

Employees on unpaid leave are entitled to receive health benefits under the same terms and conditions as they had on the job. Employers must guarantee employees the right to return to their previous job or an equivalent position with no loss of benefits at the end of the leave, with certain exceptions.

In addition to the federal law, some states have family and medical leave laws that apply to Philips employees. In general these state laws provide comparable or more favorable provisions than the federal law. To view the "Family and Medical Leave" policy, please visit the Philips Benefits Central web site at www3.essbenefits.com/philips.

Employment References

It is against company policy for any employee to provide any type of employment reference. This includes employment references on any social media, such as Facebook, LinkedIn, etc. Philips uses an outside company called The Work Number for employment verifications. If you are contacted by a third party and asked to provide a reference for any current or former Philips employee, you should refer the caller to The Work Number at www.theworknumber.com or 866-604-6572. The Work Number will only provide proof of employment, and in certain cases, income history. For more information, go to pww.pna.philips.com and click the Employment Verifications link.

Solicitations and Distributions

Under the Philips "Solicitations and Distribution" policy, work time is for work. During work time, employees are prohibited from solicitation or distribution in all work areas. Work time does not include, for example, meal periods, scheduled breaks and time before or after regularly scheduled work hours. Work areas do not include, for example, break/lunch rooms. Off-duty or off-site employees are prohibited from solicitation or distribution in all work areas. Non-employees are prohibited from trespassing, solicitation or distribution at all times in all areas of the company's premises. In addition, the company's facilities may not be used for group meetings involving solicitations or distributions.

Company bulletin boards are for company use only to display official notices, governmental postings, and other important information for employees. Employees may not post or remove any materials from company bulletin boards. In some, but not all, locations a separate area or board may be designated for certain types of employee postings. Employees wishing to post or remove materials from such areas or boards must first obtain company approval.

Occasionally Philips may authorize and initiate support of charitable, political or community service activities. In these cases, employee participation is strictly on a voluntary basis.

To review the "Solicitations and Distributions" policy, please visit the Philips Benefits Central web site at www3.essbenefits.com/philips.

Payroll Practices



It is the company's policy and practice to accurately compensate employees and to do so in compliance with all applicable state and federal laws. To ensure that you are paid properly for all time worked and that no improper deductions are made, you must correctly record all work time and review your paychecks promptly to identify and report all errors. The company makes every effort to ensure employees are paid correctly. Occasionally, however, mistakes can happen. When mistakes happen and are called to the company's attention, any necessary corrections will be promptly made.

Non-Exempt Employees

If you are eligible for overtime pay (non-exempt employees) or extra pay (including pay due under a collective bargaining agreement), you must maintain a record of the total hours you work each day. You must accurately record these hours in the appropriate Philips timekeeping system. Each employee must verify that the reported hours worked are complete and accurate. The system must accurately reflect all regular and overtime hours worked, any absences, late arrivals, early departures and meal breaks. At the end of each pay period, you should submit your time for verification and approval. When you receive each paycheck, please verify immediately that you were paid correctly for all regular and overtime hours worked each pay period.

Unless you are authorized by your supervisor, you may not work any hours that are not authorized. Do not start work early, finish work late, work during a meal break or perform any other extra or overtime work unless you are authorized to do so and that time is properly recorded. Employees are prohibited from performing any "off-the-clock" work. "Off-the-clock" work means work you may perform but fail to report on your time card. Any employee who fails to report or inaccurately reports any hours worked will be subject to disciplinary action, up to and including termination of employment.

It is a violation of the company's policy for any employee to falsify time records or alter another employee's time records. It is also a serious violation of company policy for any employee or manager to instruct another employee to incorrectly or falsely report hours worked or alter another employee's time records to under- or over-report

hours worked. If any manager or employee instructs you to (1) incorrectly or falsely under- or over-report your hours worked, or (2) alter another employee's time records to inaccurately or falsely report that employee's hours worked, you should report it immediately to the Human Resources Department, your supervisor, or the One Philips Ethics Line.

Exempt Employees

If you are classified as an exempt employee, you will receive a base salary which is intended to compensate you for all hours you may work for the company. This base salary will be established at the time of hire or when you become classified as an exempt employee. While it may be subject to review and modification from time to time, such as during salary review times, the base salary will be a predetermined amount that will not be subject to deductions for variations in the quantity or quality of the work you perform.

You will receive your full base salary for any work week in which work is performed. However, under federal and state law, your base salary may be subject to certain deductions. For example, except for contrary state law requirements, your base salary can be reduced for the following reasons:

- Full day absences for personal reasons, including vacation.
- Full day absences for sickness or disability.
- Full day disciplinary suspensions for infractions of safety rules of major significance (including those relating to the prevention of serious damage in the workplace or to other employees).
- Family and Medical Leave absences (either full or partial day absences).
- To offset amounts received as payment for jury or witness fees or as military pay.
- Unpaid disciplinary suspensions of one or more full days for infractions of workplace conduct rules set forth in written policies.
- The first or last week of employment in the event you work less than a full week.

Please note: While you may be required to use vacation, incidental or other forms of paid time off for full or partial day absences for personal reasons, sickness or disability, your salary will not be reduced for partial day absences if you do not have paid time off available to use.

Government and Military Contracts

Strict rules that do not apply in the commercial world do apply to relationships with the Federal Government and may apply to relationships with State and Local Government agencies.

Doing business with the U.S. Government, including the Department of Health and Human Services, the Department of Defense and all other federal agencies (such as the Labor Department, Environmental Protection Agency, Internal Revenue Service, Federal Communications Commission and Commerce Department) is very different from doing business elsewhere.

Take business courtesies for example. A government employee is prohibited from soliciting or accepting, either directly or indirectly, anything of monetary value from someone who has or is seeking to obtain government business. While there are limited exceptions to this rule, the best practice is to not give any gift, or item of value, to a government employee.

You also need to know the following:

- It is a criminal violation – a felony – to make a false claim or false statement to the Government. Violations of this and other laws can subject Philips and/or its employees to legal action and may prevent Philips from doing business with the Government. We often are required to certify compliance with various laws, regulations or contractual provisions. Submitting such certifications without first verifying their accuracy is improper and a violation of this law.
- Supplying a product to a Government purchaser or subcontractor that is different from the one specified on the requirements could get you and Philips in trouble. For example, using a grade or brand of material contrary to that specifically required by the contract is illegal, unless first authorized in writing by the Government. Selling products produced without first complying with all the Government-required manufacturing testing and quality control procedures can result in substantial fines, penalties, and possibly jail sentences. Failure to conduct the appropriate tests, or manipulation of test procedures or data, will not be tolerated.
- The Truth in Negotiations Act (TINA) applies to certain contracts. A contract subject to TINA requires the contractor to disclose "cost or pricing data" to the

government. This disclosure must take place on the date the parties agree to a price. The parties can also agree to require disclosure of the cost or pricing data before the date of the price agreement. Cost or pricing data consists of factual information that prudent buyers and sellers would reasonably expect to significantly affect price negotiations. Applying TINA is complex. You should, therefore, consult your lawyer if you have any questions.

- Immediately report any government overpayment. Failure to do so could result in criminal penalties and suspension or debarment.
- Government equipment furnished to your location for a contract must be accounted for until it is returned to the Government. It is illegal to use it for any other purpose.
- Laws and regulations limit both discussions about employment and the work that can be done by current or former Government employees and military officers.
- Do not obtain Government information improperly or illegally. For example, documents marked "For Official use only" are off limits. It also is illegal to obtain Government source selection information before the award of the procurement to which it applies, and competitors' proprietary information. If you receive any such documents, report it.
- You must report any improper use or disclosure of Government classified information. Also, protect all Government data as required by the agency's rules and regulations.
- Doing business with foreign governments is also subject to strict rules. Under the Foreign Corrupt Practices Act, you are prohibited from offering, paying, promising to pay money or give anything of value, directly or indirectly, to officials of any foreign government, candidates for foreign political office, or foreign political parties or party officials for the purpose of obtaining, retaining or directing business. Furthermore, U.S. law prohibits companies from participating in or supporting international economic boycotts that are not sanctioned by the U.S. Government.

If you have any questions or concerns, contact your company lawyer.

Fair Competition Guidelines

Anti-trust and trade regulation laws encourage competition in business. They help create a level playing field and prevent activities that restrain competition or give one company an unfair advantage. These laws cover pricing, promotion, distribution and sales. They involve relationships with suppliers, distributors, dealers and competitors.

These laws cover agreements involving competitors, customers and suppliers, when those agreements restrict freedom to determine pricing, products, distribution systems and production levels. Anti-trust laws also prohibit the unfair use of market power over competitors. Trade regulation laws regulate and prohibit unfair and deceptive practices.

Do not take any materials or information from a former employer and distribute or use them at Philips.

To protect yourself and the company, never give the impression that Philips' prices are based on anything other than its own independent business

judgment. Never use sentences such as "we will dominate" or "we will destroy" the competition in your e-mail or other communications. Do not disparage or make false statements or misrepresentations concerning the products or services of competitors, customers, vendors or suppliers.

If you violate federal anti-trust laws, the penalties can be severe. For each criminal violation, the fines can range in the millions of dollars for companies. In addition, there could be significant fines for individuals, with prison sentences. The U.S. Department of Justice has sought prison sentences in every criminal price-fixing prosecution. In addition, civil violations can result in consent orders from either the Department of Justice or the Federal Trade Commission, with provisions that govern and limit future conduct. States also have civil and criminal penalties, which can be in addition to federal sanctions.

Anti-trust laws are enforced by the U.S. Department of Justice and the Federal Trade Commission, state attorneys general, and the appropriate enforcement agencies of foreign countries and the European Union. U.S. state attorneys general are organized into the National Association of Attorneys General and are quite active in anti-trust enforcement.

Finally, private treble damage lawsuits by those affected can be expensive and time consuming.

To Protect Yourself and Philips From Possible Anti-trust or Fair Competition Violations With COMPETITORS:

- Do not discuss prices or pricing policies, exchange price lists, or discuss any terms of sales. Obtain all price information about competitors from customers or from public sources.
- Do not discuss future production, restraints on production, contract bids, product content or marketing plans.
- Do not suggest or agree to sell or not to sell to any customers, class of customers, territories or product markets.
- You may discuss matters involving legislation, government relations, environmental and safety regulations, and positions to be taken on other political issues. But do not make marketing or pricing policies based on "industry agreement" or "Industry policy."
- Do not take any materials or information from a former employer and distribute or use them at Philips.

For more information, please refer to the anti-trust section of the corporate legal department's intranet site at www.antitrust.philips.com.

To Protect Yourself and Philips From Possible Anti-trust or Fair Competition Violations With CUSTOMERS:

- Do not dictate the price level at which the buyer should re-sell its products. Do not intimidate, delay or suspend deliveries or terminate contracts in order to ensure that a certain price level is preserved. Please note that, in some instances, resale price maintenance may be permitted. Explicit approval from your legal department is required, however, before this type of arrangement is contemplated.
- Do not take any action against a dealer for cutting prices.
- Do not try to promote price uniformity among customers. (However, you may provide dealers with the comparative price analysis of competitive non-Philips products.)
- Do not require the purchase of one product to receive another product.
- Do not give favored prices, promotional allowances or services to customers unless you have a legal justification that is approved in advance by your company lawyer.

International Business Transactions

The U.S. Government has a lot to say about what leaves and arrives at its shores. Not all goods, technologies or services can be sold freely to just any customer or shipped to just any country in the world.

The Government has established a complex system to control or prohibit the export of goods or technology from the United States for strategic or other reasons. Often, compliance with these laws and regulations requires an export license. This applies to many products that Philips makes and to products we buy from others. Regulations also forbid exporting, importing or re-exporting products to or from certain countries, such as Cuba and Iran. Employee travel to certain countries, like Cuba, is strictly regulated.

Besides the export restrictions, companies doing business in the United States are bound by other rules too. Employees cannot participate in a restrictive trade practice or support a boycott against a country friendly to the United States, or against any person or firm in the United States. There are also strict regulations regarding the hiring of foreign nationals.

Export and import controls are very important. If we fail to comply, our export or import privileges could be suspended or denied. In addition, Philips and you personally could face criminal and civil penalties and fines.

Examples of prohibited conduct include supplying information about the race, religion, sex or national origin of a person, refusing to do business with a boycotted firm or country, or acting on any document, including a letter of credit, that contains boycott language. (If you receive such a request, you must

report it immediately to your company lawyer so that it may be reported to the U.S. Government, as mandated by law.)

If we fail to comply with these regulations, our export privileges could be suspended or denied, and Philips and you personally could face criminal and civil penalties and fines.

In general, export regulations apply to transactions that involve:

- The sale of goods to a foreign country.
- The sale or licensing of technology to a foreign country.
- The sale or licensing of software to a foreign country.
- The transportation of a demonstration product to a foreign country.
- The knowledge that technology will be shipped or transmitted to a foreign destination. (For example, a visit by foreign delegations or participation in a foreign trade show may be considered as export of technical data.)
- The knowledge that goods or technology will be exported by a U.S. purchaser or re-exported by a foreign purchaser (for example, from the Netherlands to Cuba). These regulations apply not only to the first export from the United States, but also to the subsequent re-export from one foreign destination to another.
- The movement of controlled data or goods across the U.S. border, whether by phone, facsimile, e-mail, or in a briefcase or luggage, for the purpose of participating in the meeting abroad. This is an example of actions requiring the advice of your Export Control Officer.
- The importation of goods originating in an embargoed country such as Cuba (for example, Cuban cigars). In addition, remember that it is improper and illegal to provide gratuities and payments to foreign Government officials to enhance business opportunities.

The regulations also control the export of products manufactured outside the United States by affiliates of U.S.-based companies, and technology originating from foreign subsidiaries of a U.S.-parent company.

To comply with all this, Royal Philips Electronics operates a global export control system. Each unit of Philips in the U.S. has an Export Control Officer to ensure that projects comply with all export laws and regulations. If you have questions or concerns contact your Export Control Officer or company lawyer.

Environmental Regulations

The air we breathe, the water we drink, the chemicals we need to manufacture our products and how we dispose of hazardous waste at our plants are all regulated by strict environmental laws and regulations.

Many statutes and thousands of regulations deal specifically with the environment and affect our operations. Among the most important statutes are the Comprehensive Environmental Response, Compensation and Liability Act of 1980 or "Superfund"; the Resource Conservation and Recovery Act; the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; and the Emergency Planning and Community Right to Know Act. States and local municipalities have additional laws and regulations. All of these laws and regulations are enforced by the U.S. Department of Justice, Environmental Protection Agency, state and local agencies and through lawsuits filed by private citizens.

Liability for violations of environmental laws and regulations can be civil and/or criminal, and can be imposed on individual employees, as well as the company. Environmental laws impose liability on a generator of hazardous waste from beginning to end. This means that all phases of hazardous waste production and management are regulated. For example, a plant that generates hazardous waste must analyze the waste, keep records about the volumes of the material and document the disposal of such waste. Facilities must have permits for on-site storage, land disposal, incineration or treatment of hazardous waste. Releases or spills of hazardous substances into the environment must be reported to federal, state or local agencies under specific spill-reporting laws.

Something that happened long ago can mean severe penalties for us today. We may be responsible for the past disposal of hazardous waste at plants we own now, even if we did not own the plants back then. We can be held responsible for cleaning up abandoned dumps and other contaminated sites.

Prison sentences for violations of environmental statutes may be imposed on employees at all levels. Therefore, we must all be well informed about these laws and comply with them. Some environmental laws also authorize private citizens to bring suit against a company for violations and to seek court-imposed sanctions.

You must know about the environmental laws and question any suspicious activity. You must report any violations or matters of environmental concern by contacting your supervisor, the One Philips Ethics Line, your company lawyer, or your Environmental or Safety Coordinator.

Liability for violations of environmental laws and regulations can be civil and/or criminal, and can be imposed on individual employees, as well as the company.

Sustainability

Sustainability is defined as meeting the needs of the present generation without compromising the ability of future generations to meet their own needs.

Philips has a very robust sustainability program that focuses upon economic prosperity for itself and its stakeholders, environmental responsibility and social responsibility. Sustainability is defined as meeting the needs of the present generation without compromising the ability of future generations to meet their own needs. Sustainable development – which is considered the path to sustainability – is the simultaneous pursuit of economic prosperity, environmental quality and social equity. Companies that pursue this path are known as sustainable entrepreneurs.

Philips is committed to its sustainability program as a core element for the operations of the entire company. For more information about the Philips Sustainability Program visit www.sustainability.philips.com.



Accounting and Financial Records

When money is involved, the numbers must add up – literally and figuratively. They must accurately reflect the products sold, the services rendered, the true sales prices and the terms of the sale.

Those who rely on our records and reports – our managers, investors, creditors, customers, auditors and others – must have truthful and complete information. The integrity of our company is at stake.

If you prepare this type of information, you must make sure that you can vouch for its accuracy and integrity. If you certify the accuracy of such information, you must make thorough inquiries or reviews necessary to establish a good-faith belief in it. If you are the custodian of company data, records and reports, make sure that they are properly protected and used only for their intended purpose before you release them internally or externally.

Financial records must be accurately and completely prepared and reviewed, whether intended for internal or external use. This includes inventory, expense accounts, budgets, business plans, vouchers, bills, payroll and service records.

No false or misleading entries may be made in any Philips books or records for any reason, and no employee may participate in any arrangement that results in such an act.

- All funds or assets must be clearly disclosed.
- No funds or other assets can be maintained for any illegal or unethical purpose.
- No payments or gifts are to be made or received on behalf of the company for any purpose other than that described by the company's supporting documents and records.
- Costs must be accurately and completely recorded.
- Federal standards require that records and accounts "in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets" of the company.

In summary:

- Never make false or misleading entries or leave out important information, whether you are reviewing and approving reports or preparing them. Each of us is responsible and held accountable when spending company money, including travel expenses.
- Fairly represent the nature of every transaction or the purpose of the payment.
- Follow accounting rules and controls described in Philips accounting and audit manuals.

If budgets and business plans are not realistic, there can be a strong temptation to stretch accounting and legal principles. Employees may be tempted to engage in dishonest, unethical or illegal acts in response to the pressure of meeting unrealistic performance targets. Emphasis on results, particularly in the short term, fosters an environment where the price of failure is very high.

For these reasons, managers must set realistic goals for budgets and business plans and not expect the impossible from those who report to them. If you do so, you could be tried for aiding and abetting criminal behavior. The courts have held that silence is enough to warrant a charge of aiding and abetting a criminal act when there is a duty to communicate.

Those who rely on our records and reports – our managers, investors, creditors, customers, auditors and others – must have truthful and complete information. The integrity of our company is at stake.

As a Philips employee, you must never stretch accounting principles or remain silent to protect someone who may be violating accounting principles or internal business controls, even if it is your manager or supervisor. You have an obligation to report a problem or concern.

Sarbanes Oxley (SOX) and Internal Business Controls

It is important to understand that internal business controls are not just for finance and accounting employees. Internal business controls are every employee's responsibility.

On July 30, 2002, the Sarbanes Oxley Act (SOX) was signed into law representing one of the most important and most sweeping pieces of legislation governing companies since the passage of the federal securities

acts of the 1930's. SOX was enacted by the U.S. Congress in response to the corporate scandals involving well-known companies such as Enron, Arthur Andersen, WorldCom, Tyco, and others.

SOX strengthened requirements for corporate governance and responsibility, enacted measures designed to increase the transparency of financial reporting and expanded existing criminal and civil remedies and penalties for securities laws violations. SOX also strengthened the role of the company's audit committee in monitoring finances, required certain executives of the company to certify financial reports, and provided for criminal and civil penalties in cases where those certifications prove to be false or fraudulent.

Philips has a robust set of internal business controls to ensure transparency in its business. It is important to understand that internal business controls are not just for finance and accounting employees. Internal business controls are every employee's responsibility. Internal business controls range from a simple time sheet to financial statements of the company, and everything in between. We all have internal business controls that we work with on a daily basis.

So, if you have a question or concern about any internal business control, you have a responsibility to raise the question or concern to your manager, supervisor, finance and accounting professional, Ethics Site Coordinator, or someone else in authority at your location. You can also call the One Philips Ethics Line at 800-218-1818, either using your name or on an anonymous basis.

In summary:

- Never make false or misleading entries or leave out important information, whether you are reviewing and approving reports or preparing them. Each of us is responsible and held accountable when spending company money, including travel expenses.
- Fairly represent the nature of every transaction or the purpose of payment for any transaction.
- Follow accounting rules and controls described in Philips accounting and audit manuals.

If budgets and business plans are not realistic, there can be a strong temptation to stretch accounting and legal principles. Employees may be tempted to engage in dishonest, unethical or illegal acts in response to the pressure of meeting unrealistic performance targets. Emphasis on results, particularly in the short term, fosters an environment where the price of failure is very high. For these reasons, managers must set realistic goals for budgets and business plans and not expect the impossible from those who report to them.

Ethics and Compliance Training

Philips has developed a variety of interactive web-based ethics and compliance courses. Each new employee must take the Philips Ethics and Business Conduct course. This mandatory course covers the General Business Principles, GBP Directives and related ethics policies.

The Ethics Office also offers a minimum of two additional courses per year. These courses cover important issues such as Sarbanes Oxley and Internal Business Controls, E-Compliance, Gifts and Conflicts of Interest, and Information Protection and Privacy. The training is mandatory. Some sectors, such as Healthcare, may also have their own specific web-based training programs that are tailored to the markets they serve.



Confidentiality

We are all responsible for safeguarding the company's confidential and proprietary information, intellectual property and trade secrets.

Information and ideas that are valuable to Philips are valuable to the outside world too. We are all responsible for safeguarding the company's confidential and proprietary information, intellectual property and trade secrets. Confidential and proprietary information is information which gives the company a competitive advantage and is not generally known by outside individuals. This includes data about research, operations, products, plans, strategies, manufacturing, marketing, finances, employees, and customers, suppliers and business partners.

Accidental disclosure (perhaps overheard by strangers in casual conversations in restaurants, airplanes, trains, and elevators) can be as damaging to Philips as the deliberate leaking of information. So always be careful when you discuss Philips business. However, nothing in this policy is intended to restrict your rights under any federal, state or local employment law.

It is unethical and illegal for you to use Philips information for personal gain. Do not discuss confidential company business with anyone outside the company, including family and friends. Limit the distribution of confidential material to those who must know about it. Keep important papers locked up and keep letters and memos out of view.

Do not discuss the company with members of the media. Refer all media inquiries to the Philips Corporate Communications Department.

In addition, it is unethical and may also be illegal to receive and use confidential and proprietary information from other companies. For example, when new employees are hired, they should not bring with them confidential and/or proprietary information belonging to their prior employer, nor should such information be used while at Philips.

The courts may allow parties engaged in litigation with a corporation to use information gained through interviews with employees even if the corporation's lawyers have not been informed. If you are called and asked for information, do not discuss any company business or any litigation with anyone unless you are instructed to do so by a Philips lawyer.

Tell your supervisor immediately if a reporter, lawyer or any stranger asks for information about Philips or its businesses.



Inside Information

Inside information is knowledge of information of a precise nature directly or indirectly concerning Philips or other publicly traded companies, or the trading in Philips Securities, or securities of other publicly traded companies, which has not been made public and which, if disclosed, would be likely to have a significant influence on the market price of Philips Securities. Inside information may also relate to other companies as well. For example, if you are working on a Philips acquisition you must be very careful regarding the information that is disclosed to you during the acquisition process. It could be inside information. Philips employees are prohibited from disclosing inside information to third parties other than in the course of their routine professional or functional duties. This includes recommending trading, on the basis of inside information, in Philips Securities.

In the performance of your duties as a Philips employee, you may learn about changes in the company's earnings or dividends, negotiations that involve major acquisitions, mergers, purchases or sales of shares, reclassification of securities or stock splits.

The courts define "material" information as that which would influence a reasonable investor's actions. If you violate any disclosure laws, you will be subject to disciplinary action by federal or local law enforcement agencies, and may be dismissed by the company. The company may also dismiss you for any misuse of this information. For further information regarding Philips Inside Information Policy visit www.philips.com/ethics and click "Inside Information."

Inside information is (1) knowledge of information of a precise nature directly or indirectly concerning Philips or other publicly traded companies, or (2) the trading in Philips Securities, or Securities of other publicly traded companies, which has not been made public and which, if disclosed, would be likely to have a significant influence on the market price of the Securities.

Conflicts of Interest

A conflict of interest exists when you allow any outside situation you are involved in or expect to be involved in or any personal gain you receive or expect to receive from any party, to influence the way you do your job for the company or the decisions you make in your work about company business.

It is your responsibility to be fully dedicated to your job and to Philips and not allow your loyalties to be divided by any outside influence. It is also important to avoid any appearance of a conflict of interest. Use common sense and good judgment to avoid all conflicts of interest or potential conflicts of interest. Always ask yourself what is best for the company when you make business decisions. Any actual or potential conflicts of interest must be immediately disclosed in writing to your manager and the Ethics Officer. This includes any outside employment or business activity, as discussed in the "Financial Interest" section of this booklet.

Financial Interest

Neither you nor an immediate family member should have a financial interest in any outside company or activity if the interest could influence or seem to influence your actions or conflicts with Philips' interests.

Neither you nor an immediate family member should have a financial interest in any outside company or activity if the interest could influence, or seem to influence, your actions or conflicts with Philips' interests. This includes having a financial interest in our competitors, suppliers of products and services, and/or customers. Financial interest exists when you and/or a member of your family own or control part or all of the business or property of the person or company, or have a financial stake in its performance. Your interest might stem from your role as an employee, agent, representative, officer, director, consultant, creditor or debtor. You should not buy, lease, rent or otherwise acquire for Philips any products, services or supplies from those with whom you have a financial interest, without prior written approval from appropriate authority.

When Does a Conflict Arise?

If you have or think you might have a conflict of interest, or if you have a question, discuss it with your supervisor or contact the Philips Ethics Office.

Here are some of the issues that are considered in determining if a financial interest constitutes conflict:

- Your job. Do you influence decisions involving Philips' purchase of goods or services?
- The dollar amount of the investment or interest. An investment or ownership of less than 1% of a class of securities issued by a publicly owned corporation would not usually constitute financial interest. The securities must be listed on a recognized stock exchange or traded over the counter.
- The importance of the investment or financial interest to you.
- The nature and extent of the relationship between Philips and the person or company in which you have the interest.
- When the investment or financial interest was acquired, and how it was acquired.

The following interests do NOT violate Philips policies:

- Ownership in a public utility that supplies gas, electricity, water, telephone or transportation service to Philips, as long as no other source is available to provide the service.
- Personal financial transactions with a commercial bank, savings bank or mutual insurance company that does business with Philips.
- Interest arising from your service as an officer, director or trustee of another organization of, or at the request of, Philips.

Gifts and Entertainment

General Policy

The fair, ethical and lawful business practices that apply to our dealings with customers apply equally to our dealings with all vendors and suppliers. All discretionary decisions made on behalf of the company must be made on the basis of competitive factors such as quality, price, delivery and service.

Neither you nor any immediate family member should solicit or accept any compensation worth more than token value, or anything that is more than an ordinary business courtesy, from current or potential customers or suppliers. Nor should you or any immediate family member provide any compensation worth more than token value, or anything that is more than an ordinary business courtesy, to current or potential customers or suppliers. When customer practice allows deviation from policy, Philips employees must obtain prior approval from a divisional or company officer. When dealing with Government employees, rules under Government & Military Contracts apply.

These rules apply to gifts, entertainment, meals, tickets, passes and promotional items. This includes favors and considerations you would not usually submit under normal expense-account procedures. Never accept anything from or provide anything to a customer or a supplier that could or might appear to influence your or their judgment. Kickbacks are morally wrong and legally criminal, even in the guise of "fees" or "commissions." The price for accepting them is high: your job and possible criminal prosecution. Other forms of favors are also unacceptable. Entertainment, trips and free services for you or your family are just as objectionable, and the consequences for accepting them are just as serious.

You may accept or provide gifts, entertainment and services only when they are of a token value, associated with any business activity and when provided to others as a regular part of doing business.

Philips Gift Registration Tool

General Business Principles (GBP) Directive 3 "Gifts" sets out certain rules for giving and receiving gifts. Philips has created a Gift Registration Tool that must be used when we give gifts in conjunction with the rules set forth in GBP Directive 3.2 "Gifts to External Parties." To view the GBP Directives and the Gift Registration Tool please visit www.philips.com/ethics. You are obliged to familiarize yourself with these rules. Simply put, ignorance of the rules is no excuse.

In the event you are an employee with Philips Healthcare Sector you have an additional set of gift and donation requirements due to the highly regulated nature of your marketplace. Please refer any questions to the Healthcare Sector's Legal Department and they will help you with your inquiry.

Prohibition on Giving Gifts to Employees of the U.S. Government

There are very strict federal government regulations prohibiting the giving of gifts to employees within the federal government. In general, a federal employee may not accept gifts that are given because of his official position or that originate from companies such as Philips that do business with the federal government. These rules cover employees of the U.S. Congress, the Executive Branch and the Judicial Branch of the U.S. Government. It is important to note that you can go to federal prison and be fined for violations of these laws. These restrictions are applicable to all Philips employees on a global basis not just those employees registered to lobby on behalf of Philips. There are limited exceptions to these rules so if you have a question regarding giving a gift to a federal government employee please direct your question to the Philips Government Relations Office in Washington, D.C. 202-962-8550 prior to giving a gift to a federal government employee. Please note there are additional state and local laws dealing with gifts to state and local government employees. Please refer any questions about state and local law that you may have to your business sector's legal counsel.

Copying Computer Software/ Printed Materials

Copyright laws protect the original expression in, among other things, written materials, software, works of art and music, and prohibit their unauthorized duplication, distribution, display or performance. This means that you may not reproduce, distribute or alter copyrighted materials from books, trade journals, computer software or magazines, or play records, tapes, disks or videotapes, without the permission of the copyright owner or its authorized agents.

Copyright laws protect the original expression in, among other things, written materials, software, works of art and music, and prohibit their unauthorized duplication, distribution, display or performance.

Software used in connection with Philips business must be properly licensed and used only in accordance with that license. Using unlicensed software could constitute copyright infringement. You may not copy any company-acquired computer software program unless you are specifically authorized to do so under the license agreement.

As a general rule, only one computer per program is allowed. That means that you may use that one copy only on one machine. If someone in your office wants to copy it for his or her computer, that may be illegal under the terms of the license agreement. It may be a violation of our company policy on the use of intellectual property as well. We strictly observe all restrictions and conditions in software license agreements. Contact your IT department or your company lawyer if you have questions.

Illegal copying of software can result in criminal prosecution, civil fines and termination of your employment.

Copyrighted printed materials also are protected by law. Book and newsletter publishers are especially vigilant in prosecuting violators. Unless you obtain permission or your reproduction of the work comes under the Library of Congress Copyright Office "fair use" doctrine, do not photocopy copyrighted material.

Philips has a photocopy license agreement with the Copyright Clearance Center (CCC) that allows employees of Philips Electronics North America to photocopy for internal use portions of many printed materials, including educational, technical and industry publications. However, photocopying of all or substantially all of a covered publication is not permitted. The covered publications are those listed in CCC's repertory for its Annual Authorizations Service. The repertory is available on CCC's site at <http://www.copyright.com>. Contact your company lawyer if you have any questions about photocopying publications or about the "fair use" doctrine.



Electronic Communication and Information Systems

Philips electronic mail (e-mail), electronic voice mail (phone), and inter/intranet systems are company assets and should be used for Philips business purposes only. Users are encouraged to utilize the intranet, internet, messaging environment and social media (Facebook, LinkedIn, Twitter, blogging etc.) to assist them in the performance of their job and to facilitate and support the business purposes, communications and transactions of Philips. Access to the internet may be used on an incidental and occasional basis for personal, non-business purposes. Such personal use requires that users act responsibly and that such use does not interfere with their job performance, or conflict with the interest of Philips.

Employee personal use of social media should never use the name, trademarks, logos, copyright-protected material or confidential information of Philips and employees should make clear in any online activity that their views and opinions about work-related matters are their own, have not been reviewed by Philips and do not necessarily represent the views and opinions of Philips. Employees are prohibited from listing their Philips e-mail address unless the social networking site is used purely for Philips business or professional purposes. Access to the internet is not allowed for business or profit-making activities that are external to Philips.

The use of e-mail, the intranet, internet and social media should always be appropriate and consistent with Philips' general policies, practices and standards. The following regulations must be complied with. Failure to comply is likely to result in disciplinary action. Regulations apply to both Philips' intranet and internet usage through Philips facilities.

Employees cannot use Philips e-mail, intranet, internet or social media in any way that is illegal or might otherwise damage Philips' reputation such as:

- Deliberately accessing, creating, displaying, transmitting, soliciting, printing, downloading or otherwise disseminating messages, information or material that is or could be perceived as threatening, fraudulent, pornographic, discriminatory, sexually-oriented, abusive, libelous, derogatory, defamatory, obscene, harassing, disparaging or otherwise unlawful or inappropriate.
- Deliberately copying, reproducing, transmitting, distributing, posting or otherwise disseminating or using materials in violation of intellectual property laws or any other applicable law or regulations.
- Using information from the intranet or the internet for "spamming," the practice of sending unsolicited and unwanted electronic communications to individual consumers.

- Using these resources for personal gain (e.g. through on-line gambling or non-Philips business activities).
- Knowingly sending unsolicited e-mails, such as product promotions to individual consumers, unless they opted-in to such communications.

Philips electronic mail (e-mail), electronic voice mail (phone), and inter/intranet systems are company assets and should be used for Philips business purposes only.

Employees cannot use Philips' e-mail, intranet or the internet in any way that may interrupt its efficient and effective operation or compromise the security of Philips' or a Third Party, such as:

- Purposely circumventing security measures to gain unauthorized access to systems or data, whether that of Philips or a Third Party.
- Purposely compromising any computer system, whether that of Philips or a Third Party (e.g. through hacking).

It is a violation of company policy (and is illegal in some states) for any employee to tape or video record any conversation or other interaction with another person on company premises or on company business unless that other person has given full and voluntary consent to such recording. Violation of this policy will result in termination of employment.

In order to protect its interests or when required by law or for any other purpose it deems necessary, Philips retains the right to access and disclose the information in these systems, including the contents of employees' e-mail and phone mail files and messages and other information stored electronically. Accordingly, employees should not have any expectation of privacy regarding the use of these systems and any information stored in these systems. Philips may also compliance monitor social media meaning that any information employees create, transmit, download, exchange or discuss on any social media may be accessed by Philips at any time without prior notice.

It is a violation of company policy for any employee, including system administrators (other than for system maintenance) and supervisors, to access any information on the systems without the employee's knowledge, unless the person seeking access has obtained the prior written approval of the Ethics Officer, who may consult with legal counsel.

Data Privacy Security

Laptops and other portable media (e.g., flash drives, memory cards) pose a significant risk to data privacy. A lost or stolen laptop can impact Philips' customers, suppliers and business partners, as well as Philips' employees. Good laptop and computer security practices are necessary to ensure that personal or sensitive data and Philips confidential information are protected. Employees are required to familiarize themselves and comply with Philips Laptop and Data Management Policy. Visit pww.it.corp.pna.philips.com, click "Services," go to "Network and Security," and click "Laptop Management Policy."

Politics

We believe in the right and the duty of our employees to participate in the democratic political process. Your participation of course must be within the law, on your own time and with your own money, not on company time, with Philips resources or on Philips property.

Opinions vary on many social, religious and political issues. Our employees represent many different points of view. We respect these differences among us. We also cherish our right in the U.S. to speak and to be heard as we express these differences without censorship, fear or intimidation in the free and open marketplace of ideas.

Important Resources

pww.philips.com/ethics

Here you'll find information on the Philips Ethics & Business Conduct Program, including the Philips General Business Principles, GBP Directives, and the One Philips Ethics Line.

www3.essbenefits.com/philips

On the Philips Benefits Central web site you'll find the Philips North America policies, including Solicitations & Distributions, Harassment-Free Workplace, and Violence-Free Workplace.

One Philips Ethics Line

Phone: 800-218-1818

Philips Employee Ethics and Intellectual Property Agreement

In consideration of my accepting or continuing at will employment at Philips Electronics North America Corporation or any of its divisions, subsidiaries or affiliates, (which will individually and collectively be called "the company") during such time as may be mutually agreeable, and in consideration of the salary or wages paid to me, I agree:

1. Not to use, publish or otherwise disclose (except as my job requires) either during or after my employment, any secret or confidential (proprietary) information or data of the company or its customers or any other third party received by the company in confidence.
2. Upon the termination of my employment, to deliver promptly to the company all written and other materials that relate to the business of the company or its affiliates including, without limitation, computers, laptops, hand-held computers and cell phones.
3. To disclose promptly, without further compensation, to the company or its nominee as its exclusive property, all those inventions and technical or business innovations (including works of authorship) developed or conceived by me alone or with others, while I am employed which:
 - (a) pertain to any line of the businesses, work or investigations of the company or affiliates, (b) pertain to any demonstrably anticipated business, research or development of the company or its affiliates, (c) are suggested by or result from work that I may do for the company, or (d) are aided by use of times, materials, facilities, patents, trade secrets, know-how, technology, confidential information, ideas, copyrights, trademarks, and service marks and any and all rights, applications and registrations relating to those of the company. *
4. To make and maintain for the company adequate and current written records of such inventions.
5. Without further compensation, I hereby assign to the company or its nominee as its exclusive property, all such inventions and technical or business innovations (including works of authorship) developed or conceived by me alone or with others, while I am employed which: (a) pertain to any line of the businesses, work or investigations of the company or affiliates, (b) pertain to any demonstrably anticipated business, research or development of the company or its affiliates, (c) are suggested by or result from work that I may do for the company, or (d) are aided by use of times, materials, facilities, patents, trade secrets, know-how, technology, confidential information, ideas, copyrights, trademarks, and service marks and any and all rights, applications and registrations relating to those of the company. In furtherance of such assignment, I shall perform all reasonable acts (such as execution of all necessary papers) and otherwise provide proper assistance (at the company's expense) during and subsequent to my employment to enable the company to obtain for itself or its nominees patents, copyrights or other legal protection for such inventions or innovations in any and all countries.
6. Not to disclose or utilize in my work any proprietary information of others (including that of any prior employers) or any inventions or innovations of my own which are not included within the scope of this agreement.

I have read and understand the Philips Electronics North America Corporation "Simply Right" book. In consideration of my continuing at will employment with the company, I agree to abide by the ethical and legal principles of the company as they are incorporated in this book. I understand that failure to do so may result in the termination of my employment.

This agreement supercedes and replaces any Employee Ethics and Intellectual Property Agreement previously executed by me. It may not be modified or terminated, in whole or in part, except in writing signed by an authorized representative of the company.

I certify that to the best of my knowledge and belief, I am not a party to any other agreement or subject to any conflict of interests, including outside business activity or outside employment, that will interfere with my full compliance with this agreement, except as specifically identified below. I understand that this agreement does not constitute a contract of employment, either express or implied. My employment is "at will" meaning that I or Philips may terminate the employment relationship at any time, with or without cause or notice.

PRINT NAME

EMPLOYEE'S SIGNATURE

DATE

I represent that the following are the only agreements, relationships and matters to which I have an interest that may conflict with the obligations I have undertaken above. I further agree to promptly notify my supervisor in writing of any change in this information.

*If employed in any of the following states, employees should also sign the relevant paragraph of the Employment Invention Attachment that follows this agreement: California, Delaware, Illinois, Kansas, Minnesota, North Carolina, Utah or Washington.

PHILIPS

Employee Invention Attachment to the Philips Employee Ethics and Intellectual Property Agreement

California

I understand that, as required by the California labor code, no provision in this Employee Ethics and Intellectual Property Agreement requires me to assign any of my rights to an invention for which no equipment, supplies, facility, or trade secret information of the company was used and which was developed entirely on my own time, unless (a) the invention relates at the time of conception or reduction to practice of the invention, (i) to the business of the company, or (ii) to the company's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by me for the company.

PRINT NAME

EMPLOYEE'S SIGNATURE

DATE

Delaware, Illinois, Kansas and North Carolina

I understand that, as required by Delaware/Illinois/Kansas/North Carolina state law (delete as appropriate), no provision in this employee Ethics and Intellectual Property Agreement requires me to assign any of my rights to an invention for which no equipment, supplies, facility, or trade secret information of the company was used and which was developed entirely on my own time, unless (a) the invention relates (i) to the business of the company, or (ii) to the company's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by me from the company.

PRINT NAME

EMPLOYEE'S SIGNATURE

DATE

Minnesota

I understand that, as required by Minnesota state law, no provision in this Employee Ethics and Intellectual Property Agreement requires me to assign any of my rights to an invention for which no equipment, supplies, facility or trade secret information of the company was used and which was developed entirely on my own time, and (a) which does not relate (i) directly to the business of the company, or (ii) to the company's actual or demonstrably anticipated research or development, or (b) which does not result from any work performed by me for the company.

PRINT NAME

EMPLOYEE'S SIGNATURE

DATE

Utah

I understand that, as required by Utah state law, no provision in this Employee Ethics and Intellectual Property Agreement requires me to assign any of my rights to an invention which was created entirely on my own time, and which is not (a) conceived, developed, reduced to practice, or created by me (i) within the scope of my employment with the company, (ii) on the company's time, or (iii) with the aid, assistance or use of any of the company's property, equipment, facilities, supplies, resources, or patents, trade secrets, know-how, technology, confidential information, ideas, copyrights, trademarks and services marks and any and all rights, applications, and registrations relating to them, (b) the results of any work, services, or duties performed by me for the company, (c) related to the industry or trade of the company, or (d) related to the current or demonstrably anticipated business, research, or development of the company.

PRINT NAME

EMPLOYEE'S SIGNATURE

DATE

Washington

I understand that, as required by Washington state law, no provision in this Employee Ethics and Intellectual Property Agreement requires me to assign any of my rights to an invention for which no equipment, supplies, facility or trade secret information of the company was used and which was developed entirely on my own time, unless (a) the invention relates (i) directly to the business of the company, or (ii) to the company's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by me for the company.

PRINT NAME

EMPLOYEE'S SIGNATURE

DATE

PHILIPS

